

annual report December 31, 1967

**the
Glengair Group
limited**

THE GLENGAIR GROUP LIMITED

Box 53, Toronto-Dominion Centre
Toronto 1, Canada

Directors

J. S. GAIRDNER
J. H. GAIRDNER
J. HOWARD HAWKE
C. W. LEONARDI, C.A.
J. A. MULLIN, Q.C.

Officers

J. S. GAIRDNER, *President*
C. W. LEONARDI, C.A., *Vice President and Treasurer*
GEORGE L. PLODER, C.A., *Assistant Treasurer*
C. H. HOLLINGSHEAD, *Assistant Secretary*

Transfer Agent and Registrar

CANADA PERMANENT TRUST COMPANY
Montreal, Toronto, Winnipeg, Vancouver

Trustee — Debentures

THE ROYAL TRUST COMPANY
Montreal, Toronto, Winnipeg, Vancouver

Auditors

GLENDINNING, JARRETT, GOULD & CO.,
Chartered Accountants
Toronto

Solicitors

FRASER, BEATTY, TUCKER, McINTOSH & STEWART
Toronto

Listed

MONTREAL STOCK EXCHANGE

THE GLENGAIR GROUP LIMITED

Report to the Shareholders:

I am pleased to report that the Company progressed satisfactorily during the year, although some of the progress was of an organizational rather than a financial nature. Steps were taken in the operational branches of the Company to establish more efficient management reporting and more effective management policies. The cumulative effect of these organizational changes should have a favourable influence on future earnings.

INVESTMENT PORTFOLIO

We are happy to report a further increase in the year-end market value of the investment portfolio of the Company. Such increase creates a corresponding adjustment to the Unrealized Appreciation of Marketable Securities which is, of course, subject to fluctuation according to market conditions.

		Marketable Securities	
		Cost	Market
As at December 31,			
1967 - - - -	\$4,836,928		\$9,722,275
As at December 31,			
1966 - - - -	5,169,765		6,351,073
	<u>\$ (332,837)</u>		<u>\$3,371,202</u>

EARNINGS

Consolidated net earnings for the year amounted to \$881,261 compared to the prior year's earnings of \$384,200. After allowance for preference share dividends to minority shareholders of subsidiary companies, net earnings per share amounted to 9.7 cents compared to 4.6 cents per share in the previous year. The consolidated earnings figures include the earnings of Tancord Industries Ltd. for 1967 only, since the controlling in-

terest in that company was not acquired until late in December of 1966.

The following is a brief operational review of the Company's subsidiaries:

CANADA BRICK COMPANY

Operations at Canada Brick, as throughout the construction industry, were somewhat curtailed at the beginning of the year, resulting from a shortage of mortgage funds during the previous year.

However, by mid-year the industry had moved ahead considerably and by year end the Company's participation in the general upturn was very gratifying.

To meet the changing demands of the market place, the Company continued the development of new products throughout the year. One such development is the 6" through-the-wall brick that can replace the standard 8" brick-and-block method of construction. This product, which has proved to be of great interest to many customers, complies with National Building Code regulations and effects certain cost savings. With this and other products the Company has continued to maintain its leadership in the supply of clay bricks to the construction industry in Southern Ontario.

Canada Brick is looking forward to the coming year with optimism. Two of its major markets — housing and institutional buildings — are expected to grow substantially in 1968.

With a wider variety of products and recently increased facilities, Canada Brick is in a position to accelerate production to meet anticipated demands and to improve its growth in sales and earnings.

NORTHERN TAR, CHEMICAL AND WOOD LIMITED

Net earnings, after taxes, were \$334,398 for the year, showing a slight increase over the previous period. This improvement was shown despite a fire which destroyed the railway tie processing section at the Port Arthur plant and a strike at the pressure treatment plant at Prince Albert, Saskatchewan, which resulted in idling production for several weeks at what would have been a peak period.

All damaged machinery and equipment were rebuilt or replaced in 1967 by the Company's staff — along with the reconstruction of the destroyed building.

Improved production planning over the years, and marketing of higher grade products have accounted for better and more economical operations in several areas.

The increased demand for pulpwood and woodchips in the Lakehead area has made possible a reduction in small wood pieces going into the Company's sawmills, thus effectively upgrading production and inventories to larger and higher quality wood products.

Tar enamels and distillates continued in good demand throughout the year and production kept pace with sales and delivery schedules. As pipeline construction experiences the predicted upturn in 1968 and beyond, the tar distillation division will increase its output accordingly.

With all production originally scheduled during the period of disruption at the two plants successfully re-scheduled for 1968, along with plans for better and more economical operations, Nortar is looking forward to future increases in sales and earnings.

TANCORD INDUSTRIES LTD.

Sales of Baler and Binder Twine, the Company's main products, were affected adversely this year by the influx of low priced, imported

twines. In addition, excessive moisture at harvest time curtailed hay baling in wide-spread areas. As a result, net profits declined to \$368,308 compared with \$914,485 a year earlier.

Except for a reduction in Harvest Twine production towards the end of the year, the Company's operations were maintained at a high level. Because of the popularity of synthetic ropes, new equipment purchases were almost exclusively allocated to the extrusion and processing of plastic materials.

On an overall picture, both natural and synthetic rope sales, including sales of Tying Twine, continue to increase. At the same time the transition from natural to synthetic materials for Rope and Tying Twine continues.

This year has seen considerable progress made in new product development. Tancord plans to have two new products available for the market during 1968 and work is continuing on others.

OUTLOOK

It is a policy of The Glengair Group Limited to be acquisition minded, and to look for opportunities to increase its earning power not only through current operations, but by acquiring other subsidiaries. During the coming year, The Glengair Group Limited will continue to strive for growth and diversification through its investment[®] portfolio, through its operations and through acquisition.

The Board of Directors acknowledges with thanks the efforts and loyalty of employees, associates and shareholders throughout the year.

On behalf of the Board of Directors,

April 5, 1968

J. S. GAIRDNER,
President.

THE GLENGAIR GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1967
(With comparative figures for 1966)

	1967	1966
SALES (net) - - - - -	\$20,384,369	10,437,384
COST OF SALES - - - - -	15,786,052	7,852,350
GROSS EARNINGS FROM OPERATIONS - - - - -	<u>\$ 4,598,317</u>	<u>2,585,034</u>
OPERATING EXPENSES		
Administration and selling - - - - -	\$ 2,106,943	1,086,324
Depreciation and depletion - - - - -	575,564	373,809
	<u>\$ 2,682,507</u>	<u>1,460,133</u>
NET EARNINGS FROM OPERATIONS - - - - -	<u>\$ 1,915,810</u>	<u>1,124,901</u>
FINANCIAL EXPENSES		
Debentures — interest - - - - -	\$ 584,209	435,777
— amortization of financing costs - - - - -	53,953	30,860
	<u>\$ 638,162</u>	<u>466,637</u>
Other interest - - - - -	341,786	277,112
	<u>\$ 979,948</u>	<u>743,749</u>
	<u>\$ 935,862</u>	<u>381,152</u>
INVESTMENT AND OTHER INCOME		
Interest - - - - -	\$ 105,482	121,378
Dividends - - - - -	41,832	48,969
Sundry - - - - -	166,259	59,934
	<u>\$ 313,573</u>	<u>230,281</u>
	<u>\$ 1,249,435</u>	<u>611,433</u>
NON-RECURRING INCOME — net - - - - -	46,371	14,786
	<u>\$ 1,295,806</u>	<u>626,219</u>
PROVISION FOR INCOME TAXES - - - - -	269,714	180,255
NET EARNINGS BEFORE MINORITY INTEREST - - - - -	<u>\$ 1,026,092</u>	<u>445,964</u>
Minority interest in common shares - - - - -	144,831	61,764
NET EARNINGS FOR THE YEAR - - - - -	<u><u>\$ 881,261</u></u>	<u><u>384,200</u></u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (DEFICIT)

FOR THE YEAR ENDED DECEMBER 31, 1967
(With comparative figures for 1966)

	1967	1966
DEFICIT FROM OPERATIONS		
Balance, January 1 - - - - -	\$ (838,595)	(1,173,927)
Deduct: Net earnings for the year - - - - -	\$ 881,261	384,200
Adjustments of prior years' earnings - - - - -	17,967	—
	<u>\$ 899,228</u>	<u>384,200</u>
	<u>\$ 60,633</u>	<u>(789,727)</u>
Add: Preferred dividends to minority shareholders of subsidiary company - - - - -	\$ 121,122	48,868
Balance, December 31 - - - - -	<u>\$ (60,489)</u>	<u>(838,595)</u>
REALIZED APPRECIATION OF MARKETABLE SECURITIES		
Balance, January 1 - - - - -	\$ 5,066	—
Additions during year - - - - -	254,789	5,066
Balance, December 31 - - - - -	<u>\$ 259,855</u>	<u>5,066</u>
RETAINED EARNINGS (DEFICIT) DECEMBER 31 - - - - -	<u><u>\$ 199,366</u></u>	<u><u>(833,529)</u></u>

THE GLENGAIR (Incorporated under the law of Ontario) AND ITS SUBSIDIARIES CONSOLIDATED

AS AT DECEMBER 31, 1967

(With comparative figures for 1966)

ASSETS		1967	1966
CURRENT			
Cash - - - - -		\$ 534,939	1,340,855
Short term investments, at cost - - - - -		1,317,346	—
Funds held by trustee re plant expansion - - - - -		—	64,412
Income taxes recoverable - - - - -		148,126	—
Accounts receivable - - - - -			
Trade, less allowance for doubtful accounts			
(1967 — \$69,278; 1966 — \$56,380) - - - -	\$2,245,781		
Instalment, less allowance for doubtful accounts			
(1967 — \$303,294; 1966 — \$582,627) - - - -	—	2,245,781	2,722,663
Inventories — at the lower cost and net realizable value -		5,948,171	6,135,198
Cash surrender value of life insurance - - - - -		64,988	60,378
Prepaid expenses and other assets - - - - -		165,960	116,786
		<u>\$10,425,311</u>	<u>10,440,292</u>
MARKETABLE SECURITIES (notes 2 and 3) - - - - -		\$ 9,722,275	6,351,073
NOTES AND MORTGAGES RECEIVABLE - - - - -		\$ 78,796	10,733
SPECIAL REFUNDABLE TAX - - - - -		\$ 59,970	18,143
FIXED (note 4)			
Land, shale deposits, railway siding, buildings, machinery, equipment and leasehold improvements - - - - -		\$16,620,652	16,168,750
Less: Accumulated depreciation, depletion and amortization		6,249,174	5,771,507
		<u>\$10,371,478</u>	<u>10,397,243</u>
DEFERRED CHARGES			
Organization and financing costs including discount on long-term debt, less amortization - - - - -		\$ 617,103	660,319
Goodwill and patent rights - - - - -		14,494	14,494
		<u>\$ 631,597</u>	<u>674,813</u>
EXCESS OF COST OF INVESTMENT IN SUBSIDIARIES OVER BOOK VALUE OF NET ASSETS ACQUIRED -			
		<u>\$483,933</u>	<u>422,558</u>
		<u><u>\$31,773,360</u></u>	<u><u>28,314,855</u></u>

AUDITORS' REPORT

To the Shareholders,
The Glengair Group Limited.

We have examined the consolidated balance sheet of The Glengair Group Limited and its subsidiaries as at December 31, 1967 and the consolidated statements of earnings, retained earnings and source and application of funds for the year ended December 31, 1967. Our examination of the financial statements of The Glengair Group Limited and those of its subsidiaries was made on the basis of the accounting records and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The financial statements of the other subsidiaries.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of earnings, retained earnings and source and application of funds fairly present the financial position of the companies as at December 31, 1967 and the results of their operations for the year ended December 31, 1967 in accordance with generally accepted accounting principles applied on a basis consistent with the accounting policies of the companies.

Toronto, Ontario,
February 13, 1968.

The notes appended hereto form part of the financial statements.

GROUP LIMITED

(Incorporated in the Province of Ontario)

COMPANIES

BALANCE SHEET

December 31, 1967
(Audited for 1966)

LIABILITIES

CURRENT

	1967	1966
Bank advances (secured) - - - - -	\$ 3,329,521	3,374,431
Payable in respect of acquisition of shares of subsidiary company	—	2,143,942
Accounts payable and accrued liabilities - - - - -	1,465,724	1,691,824
Due to affiliated companies (secured) - - - - -	1,413,751	510,221
Income taxes payable (note 5) - - - - -	93,561	85,257
Current instalments of long-term debt - - - - -	370,000	270,000
Dividends payable to minority shareholders of subsidiary	22,506	22,269
	<u>\$ 6,695,063</u>	<u>8,097,944</u>

LONG-TERM DEBT (Less current instalments) (note 6)

Parent company - - - - -	\$ 4,062,580	4,262,580
Subsidiary companies - - - - -	\$ 4,050,000	4,320,000

MINORITY INTEREST IN SUBSIDIARY COMPANIES

Preference shares — par value - - - - -	\$ 2,407,695	2,429,070
Common shareholders' equity in capital stock and surplus	1,552,684	1,380,918
	<u>\$ 3,960,379</u>	<u>3,809,988</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL (note 8)

Authorized — 10,000,000 common shares without par value		
Issued and fully paid — 7,860,862 common shares		
(1966 — 7,332,976 shares) - - - - -	\$ 7,959,910	7,497,656

UNREALIZED APPRECIATION OF MARKETABLE SECURITIES

	4,846,062	1,160,216
RETAINED EARNINGS (DEFICIT) - - - - -	199,366	(833,529)
	<u>\$13,005,338</u>	<u>7,824,343</u>

Approved on behalf of the Board

J. S. GAIRDNER, *Director*
C. W. LEONARDI, *Director*

\$31,773,360 28,314,855

REPORT

and its subsidiary companies as at December 31, 1967 and the related consolidated statement of earnings on that date. We have obtained all the information and explanations we have required, and of which we are the auditors included a general review of the accounting procedures in the circumstances. We have relied on the reports of the auditors who have examined

statements of earnings, retained earnings and source and application of funds present operations and the source and application of their funds for the year then ended, in the preceding year.

GLENDINNING, JARRETT, GOULD & CO.
Chartered Accountants

integral part of this statement.

THE GLENGAIR GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1967
(With comparative figures for 1966)

	1967	1966
SOURCE OF FUNDS		
Net earnings for the year - - - - -	\$ 881,261	384,200
Add: Charges deducted therefrom, not requiring an outlay of funds		
Depreciation and depletion - - - - -	575,564	373,809
Amortization of deferred financing costs - - - - -	53,953	30,860
Minority interest in net earnings - - - - -	144,831	61,764
Total funds from operations - - - - -	<u>\$ 1,655,609</u>	<u>850,633</u>
Long-term financing		
6½ % Sinking Fund debentures, Series 'B'		
due June 30, 1976 — net - - - - -	\$ —	1,894,453
Other		
Issue of common shares of subsidiary and parent company - -	\$ 492,254	46,990
Collections on mortgages - - - - -	4,246	1,596
Income tax recovery prior period - - - - -	20,793	—
Sale of marketable securities (net) - - - - -	556,822	—
	<u>\$ 1,074,115</u>	<u>48,586</u>
	<u>\$ 2,729,724</u>	<u>2,793,672</u>
APPLICATION OF FUNDS		
Fixed assets purchased (net) - - - - -	\$ 549,800	1,369,830
Notes receivable - - - - -	72,309	—
Marketable securities purchased (net) - - - - -	—	791,387
Preferred shares of a subsidiary company redeemed - - - - -	15,427	24,466
Special refundable tax - - - - -	41,828	18,143
Dividends declared - - - - -	181,723	91,722
Organization expenses deferred - - - - -	10,737	9,327
Long-term debt retirement - - - - -	470,000	265,000
	<u>\$ 1,341,824</u>	<u>2,569,875</u>
INCREASE IN WORKING CAPITAL, before undernoted item - - - - -	\$ 1,387,900	223,797
Add: Working capital of Tancord Industries Ltd.		
control of which was acquired in 1966 - - - - -	—	\$ 3,805,534
Less: Outlay of funds in acquisition of controlling interest thereof - - - - -	—	2,143,942
		<u>\$ 1,661,592</u>
INCREASE IN WORKING CAPITAL FOR YEAR - - - - -	\$ 1,387,900	1,885,389
Add: Working capital, January 1 - - - - -	2,342,348	456,959
WORKING CAPITAL, DECEMBER 31 - - - - -	<u>\$ 3,730,248</u>	<u>2,342,348</u>

THE GLENGAIR GROUP LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1967

1. BASIS OF CONSOLIDATION

The accompanying consolidated financial statements are based upon the December 31, 1967 financial statements of The Glengair Group Limited and its subsidiary companies, with the exception that the assets and liabilities of Tancord Industries Ltd. whose fiscal year end was October 31, 1967, have been included as of that date. Comparative consolidated earnings figures for 1966 do not include the earnings of Tancord Industries Ltd. since controlling interest in the company was acquired in December 1966.

2. MARKETABLE SECURITIES

	1967		1966	
	Cost	Market Valuation	Cost	Market Valuation
Securities listed on recognized Canadian stock exchanges - - - - -	\$4,160,856	8,560,711	4,082,352	5,062,872
Unlisted securities - - - - -	676,072	1,161,564	1,087,413	1,288,201
	<u>\$4,836,928</u>	<u>9,722,275</u>	<u>5,169,765</u>	<u>6,351,073</u>

3. BASIS OF VALUATION OF MARKETABLE SECURITIES

- (a) Securities listed on Canadian stock exchanges have been valued at quoted market values on the relative exchanges on December 31, 1967.
- (b) Unlisted securities have been stated at approximate market values as at December 31, 1967.

4. FIXED ASSETS

Fixed assets are carried in the accounts as follows:

	Cost	Appraisals plus subsequent additions at cost			Total
		Basis 'A'	Basis 'B'	Basis 'C'	
Land - - - - -	\$ 68,700	209,000			277,700
Shale deposits - - - - -	137,610				137,610
Railway siding - - - - -		10,825			10,825
Building, machinery equipment and leasehold improvements - - - - -	1,676,264	5,363,368	4,806,505	4,328,977	16,175,114
Construction in progress - - - - -		19,403			19,403
	<u>\$1,882,574</u>	<u>5,602,596</u>	<u>4,806,505</u>	<u>4,328,977</u>	<u>16,620,652</u>

Appraisal Basis 'A' — These are assets of Canada Brick Company Limited stated at values (replacement cost) determined by an appraisal made by Canadian Appraisal Company Limited as of June 30, 1965, with subsequent additions at cost. Accumulated depreciation has been determined on the basis of observed depreciation as per the appraisal referred to, plus subsequent additions thereto based on cost. Depletion has been based on production related to estimated content of shale deposits.

Appraisal Basis 'B' — These are assets of a subsidiary of Northern Tar, Chemical and Wood Limited which are stated at a valuation approved by the Board of Directors of the relevant company, being less than values (replacement cost) as determined by an appraisal made by General Appraisal Company as at November 23, 1965 with subsequent additions at cost. Depreciation has been provided on the basis of amortizing the undepreciated capital cost of the various assets over their estimated useful lives, as determined by management.

Appraisal Basis 'C' — These are assets of Tancord Industries Ltd. stated at values (replacement cost) determined by an appraisal made by Fidelity Appraisal Limited as of March 10, 1960, with subsequent additions at cost. Accumulated depreciation has been determined on the basis of observed depreciation as per the appraisal referred to plus subsequent additions thereto based on cost.

5. DEPRECIATION AND INCOME TAXES

Income taxes in respect of the current year have been reduced by approximately \$155,763 by reason of claims of capital cost allowances by subsidiary companies in excess of amounts of depreciation recorded on the books of those companies. The accumulated reduction of taxes applicable to future years is \$184,440 as at December 31, 1967.

6. LONG TERM DEBT

A. Parent Company — \$4,062,580 (1966 \$4,262,580)

\$2,162,580 — 6¾% Debentures Series A, due December 15, 1985 (1966 \$2,262,580)

The company has covenanted to establish a sinking fund to provide for the retirement of \$100,000 principal amount of 6¾% Debentures Series A on December 15 in each of the years 1967 to 1984 inclusive. The 1968 amount has been shown as a current liability.

\$1,900,000 — 6½% Sinking Fund Debentures Series B, due June 30, 1976 (1966 \$2,000,000)

The company has covenanted to establish a sinking fund to provide for the retirement of 6½% Sinking Fund Debentures Series B requiring payment of \$100,000 on December 15 in each of the years 1968 to 1975 inclusive, to be applied to the purchase of 6½% Sinking Fund Debentures Series 'B' at prices not exceeding the principal amount thereof plus accrued interest and cost of purchase, provided that the amount to be paid by the company into such sinking fund on any such date shall not exceed the difference between \$200,000 and the amount remaining in such sinking fund and not so applied. The 1968 amount has been shown as a current liability.

B. Subsidiary Companies — \$4,050,000 (1966 \$4,320,000)

Repayment is as follows:

\$950,000 — 6.50% Secured Debenture due May 15, 1978 (1966 \$1,020,000) (exclusive of \$70,000 due May 15, 1968 shown as current liability)

\$95,000 annually May 15, 1969 to 1978 inclusive.

\$1,800,000 — 6¾% First Mortgage Sinking Fund Bonds due January 4, 1986 (1966 \$1,900,000)

The relevant company has covenanted to establish a sinking fund to provide for the retirement of \$100,000 principal amount of 6¾% First Mortgage Sinking Fund Bonds on January 4 in each of the years 1967 to 1985 inclusive. The current obligation has been met.

\$1,300,000 — 6¾% secured debenture due July 31, 1981 (1966 \$1,400,000)

The relevant company has covenanted to redeem \$100,000 principal amount of this debenture on July 31 in each of the years 1967 to 1981 inclusive. The 1968 amount has been shown as a current liability.

7. PURCHASE FUND FOR REDEMPTION OF SUBSIDIARY'S PREFERENCE SHARES

On or before March 1 in each year, the relevant subsidiary company must set aside a purchase fund of \$20,000 for the purchase of preference shares for cancellation, until the said amounts set aside and not used or applied equal \$80,000.

8. CAPITAL STOCK, OPTIONS AND WARRANTS

Capital Stock

299,050 shares were issued during 1967 for a cash consideration of \$119,000, pursuant to options previously granted. 228,836 shares were issued during 1967 as part of the consideration to acquire controlling interest of Tancord Industries Ltd. The consideration attached to these shares was \$343,254.

Options

150,000 shares at \$2 per share to expire not later than December 30, 1969, to a shareholder.

25,130 shares at \$.3979 per share to expire not later than August 31, 1972, to an employee of a subsidiary company.

60,000 shares at \$1.50 per share (at a maximum rate of 7,500 shares per year), to an officer of a subsidiary company (to expire not later than February 28, 1975).

In addition, one of the subsidiary companies has outstanding options on 1,600 of its common shares at a price of \$2.50 per share. The said options expire March 31, 1969.

Share Purchase Warrants:

As a result of the sale of Series B Debentures there are share purchase warrants outstanding entitling the holders thereof to purchase an aggregate of 800,000 common shares of the Company at the following prices:

\$1.75 per share if exercised on or before June 30, 1970; thereafter

\$2.25 per share if exercised on or before June 30, 1972; thereafter

\$3.00 per share if exercised on or before June 30, 1974; and thereafter

\$4.00 per share if exercised on or before June 30, 1976; void thereafter.

9. The company entered into an agreement with the present holders of 275,865 preferred shares of Tancord Industries Ltd. under which the company may purchase, or at the option of the present holders, the company may be required to purchase these shares at \$3.25 per share by December 31, 1968.

10. PRINCIPLE OF CONVERSION OF FOREIGN ASSETS

Assets and liabilities in United States funds have been converted at the closing rate on October 31, 1967 which was the date of the fiscal year end of the subsidiary in which the assets and liabilities are situated. Use of the closing rate December 31, 1967 would have produced converted values not materially different.

11. INCOME TAXES

In determining the estimated income tax liability for the years 1963 to 1966 inclusive, a subsidiary company deducted interest and financing charges on its secured debentures. The Department of National Revenue has issued re-assessments for these years under which \$180,098 has been disallowed. Negotiations are pending with the Department to have these re-assessments eliminated. If such negotiations are not successful the company intends to appeal against the re-assessments and in that event the additional tax payable, if any, will be a matter to be determined by the Courts.

No corresponding re-assessments have been issued by the Ontario Corporations Tax Branch.

Should the company be unsuccessful the combined federal and provincial taxes would aggregate \$93,651 excluding interest. Pending settlement, this liability is not included in the balance sheet.

12. The aggregate direct remuneration paid or payable to the directors and senior officers (including the five highest paid employees) from the company or its subsidiaries was \$167,557.

THE GLENGAIR GROUP LIMITED

and its subsidiary companies

CONSOLIDATED SCHEDULE OF MARKETABLE SECURITIES

AS AT DECEMBER 31, 1967

Par value or number of shares	Listed Securities	Type of Securities	Total Market Value
18,075	Atlantic Sugar Refineries Co. Limited - - - - -	Common - -	\$ 203,344
118,800	Bartaco Industries Limited - - - - -	Common - -	831,600
287,354	Canadian Security Management Limited - - - - -	Class 'A' - -	876,430
163,149	Capital Building Industries Limited - - - - -	Shares - -	212,094
120,000	Consolidated Building Corporation Limited - - - - -	Common - -	114,000
7,454	Exquisite Form Brassiere (Canada) Limited - - - - -	Common - -	44,724
818,221½	The International Helium Company Limited - - - - -	Shares - -	2,192,834
186,789	I.T.L. Industries Limited - - - - -	Common - -	3,478,945
6,946	The Seaway Hotels Limited - - - - -	Shares - -	33,340
143,310	Venezuelan Power Company Limited - - - - -	Common - -	81,687
212,050	Venezuelan Power Company Limited - - - - -	Preferred - -	472,113
7,500	West Indies Plantations Limited - - - - -	Common - -	18,000
Unlisted Securities			
12,637	District Trust Company - - - - -	Common - -	75,822
2,600	District Trust Company - - - - -	Warrants - -	2,600
	Miscellaneous - - - - -	- - - - -	16,935
Debentures			
\$ 125,000	Canadian Security Management Limited 7% convertible debenture due November 1, 1971 - - -	- - -	125,000
\$ 80,000	I.T.L. Industries Limited 6½% convertible debenture due May 1, 1987 - - - - -	- - - - -	264,000
\$1,094,850	Venezuelan Power Company Limited Series 'A' 6%, due January 15, 1986 - - - - -	- - - - -	678,807
			<u>\$9,722,275</u>

